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YOUR 1990 SOCIAL SECURITY DEDUCTION

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The tax deduction from your paycheck for Social Security and Medicare (FICA) is higher this year. The new tax rate is 7.65 percent in 1990. It was 7.51 percent in 1989.

Also, the "earnings base"—the maximum amount of earnings on which FICA taxes are paid—rises from $48,000 last year to $50,400 this year. (Legislation pending at time of printing may change this figure.)

IMPACT OF THE CHANGE

People who earn $48,000 or less per year will not notice as big a change in their FICA deductions as workers who earn more than $48,000.

If your earnings are $15,000 per year, for example, you will pay $21 more in FICA taxes in 1990 than you did in 1989. If your earnings are $25,000 per year, you will pay $35 more. And if you earn $40,000 per year, your taxes will increase $56. If your earnings are $48,000, you will pay $67.20 more in FICA taxes this year.

If you earn $50,400 or more, you will pay $250.80 more in taxes. This amount reflects the increase in both the tax rate and earnings base this year.

Although workers in higher income brackets pay more in FICA taxes, they can count on higher benefits when they are eligible for Social Security. Their monthly benefits will be higher because benefit amounts are based on the amount of earnings on which FICA taxes were paid.

Employers also will pay more into Social Security and Medicare in 1990 since they match, dollar for dollar, the FICA taxes paid by employees.

WHAT YOUR DEDUCTION BUYS

If you're like most people, you probably think of Social Security as something you will get when you retire. But Social Security is much more than a retirement program. It's a package of protection—retirement, survivors, and disability insurance. It protects you and your family

while you work and after you retire. Social Security won't replace all earnings lost because of retirement, disability, or death. But it is a base you can build on, now and in the future, with other insurance and investments.

Your FICA deduction also pays for Medicare hospital insurance, which can help pay for hospital care when you reach 65 or if you become disabled before 65.

If you become severely disabled and can't work for a year or more, Social Security will provide you disability benefits. The average monthly benefit for a worker who becomes disabled in 1990 is $570. The exact amount of your benefit would depend on your age and past earnings. Your spouse and children also may get payments if you're disabled. The monthly benefit for a disabled worker and family averages $975 this year.

Your family could collect monthly survivors benefits if you should die. The average survivors benefit for a family of three or more in 1990 is $1,173.

At retirement, Social Security will provide a steady monthly income to you and your family. You can start getting retirement benefits as early as age 62.

YOUR PERSONAL EARNINGS AND BENEFIT ESTIMATE STATEMENT

Social Security can give you an estimate of what your Social Security retirement, disability, or survivors benefit will be. All you have to do is fill out a simple form and we'll send you, free of charge, your own *Personal Earnings and Benefit Estimate Statement*. To get the form, call Social Security, or write to the Consumer Information Center, Department 55, Pueblo, Colorado 81009.

IN THE YEARS AHEAD

The earnings base will rise automatically in future years according to increases in average wage levels.

Social Security benefits also will rise automatically. After you start getting Social Security, the amount of your monthly benefit will increase each year with the cost of living.

FOR MORE INFORMATION

For more information about Social Security, contact any Social Security office. The address and phone number are listed in your telephone directory under "Social Security Administration" or "U.S. Government."

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